

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, MAY 12, 2020
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:

Cynthia Penny-Ardinger
Dontae Carroll
Jeffrey Rosen
John von Paris

STAFF ATTENDING:

Yaw Berkoh
Jeffrey Brown
Cheryl Dickinson
Jacqueline Djomo
Allen Garman
Chantelle Green
Natalie Henson
Bob Jordan
Cheryl Lewis-Orr
Jeanne Marriott
Kelly Melhem
Kim Millender, Esq.
Ebony Moore
Ken Montgomery
Mary O'Keeffe
John O'Neill
Will Pines
Jim Ports
Deb Sharpless
Colin Sweetin
Dayna Taitt
Christina Thompson
Clayton Viehweg
Melissa Williams

OTHER ATTENDEES:

Jaclyn Hartman – MDOT TSO
James Walsh – MDOT MAA
David Calvert – PFM
Danton Ponzol - PFM

At 9:00 a.m., Member John von Paris, Chair of the Finance Committee, called the Finance Committee Meeting to order. Given that this open meeting was conducted exclusively via conference call, Member von Paris did a roll call of participants to ensure the minutes accurately reflected those persons on the call and to ensure a quorum of the Committee was present.

APPROVAL – OPEN MEETING MINUTES FROM MARCH 10, 2020, MEETING

Member John von Paris called for the approval of the meeting minutes from the open meeting held on March 10, 2020. Member Dontae Carroll made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

APPROVAL – TRUST AGREEMENT CHANGES

Mr. Allen Garman requested a recommendation of approval from the Finance Committee to present the proposed changes to the Master Trust Agreement to the full MDTA Board at its next scheduled meeting. The proposed changes include (1) amending the definition of Reserve Subaccount Insurance Policy; (2) adding clarifying language to permissible investments; and (3) amending the frequency and description of facility inspections to align with industry standards. Mr. Garman explained that the proposed changes will provide financial flexibility, cost savings, and greater income potential.

Member von Paris called for a motion to recommend approval of this item with the requested changes to the full MDTA Board at its next scheduled meeting. Member Rosen made the motion, and Member Carroll seconded the motion, which was unanimously approved.

APPROVAL – BOARD RESOLUTION 20-04 – ISSUANCE OF BONDS AND ALTERNATIVE FINANCING OPTIONS

Mr. Allen Garman requested a recommendation of approval from the Finance Committee to present Board Resolution 20-04 to the full MDTA Board at its next scheduled meeting. Mr. Garman explained that Board Resolution 20-04 authorizes the issuance of municipal bonds or alternative financing options to refund the Series 2008A Transportation Infrastructure Finance and Innovation Act bonds and provide additional proceeds to fund capital projects in fiscal years 2020 and 2021.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Carroll made the motion, and Member Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – CREDIT RATINGS

Mr. Allen Garman updated the Finance Committee on the recent credit ratings for the MDTA's toll revenue bonds and non-recourse financing for projects at BWI Marshall Airport. In response to the COVID-19 pandemic, both Moody's Investor Service (Moody's) and Standard and Poor's Global Ratings (S&P) have changed the toll sector outlooks to Negative from Stable. Fitch Ratings (Fitch) has affirmed the MDTA's double-A credit rating and maintained the Stable outlook. S&P extended the negative outlook to the MDTA's nonrecourse airport related credits including the Passenger Facility Charge (PFC) Revenue bonds and the Airport Parking Revenue Refunding bonds. Fitch also downgraded the PFC-backed bonds to single-A minus from single-A and revised the outlook to Negative from Stable.

UPDATE – NON-RECOURSE DEBT

Mr. Allen Garman updated the Finance Committee on the impact of the COVID-19 pandemic on airport-related travel. The update included an explanation of pledged revenue, monthly flow of funds and specific reserves.

UPDATE – FINANCIAL FORECAST

Ms. Deborah Sharpless updated the Finance Committee on the effect of the COVID-19 pandemic on the financial forecast. Ms. Sharpless explained that the agency plans to implement operating and capital budget reductions to help offset the anticipated revenue loss throughout the forecast period.

UPDATE – QUARTERLY TRAFFIC AND REVENUE REPORT

Ms. Cheryl Lewis-Orr provided an update to the Finance Committee on the Maryland Transportation Authority's (MDTA) quarterly traffic and revenue performance. Ms. Lewis-Orr noted that as of March 31, 2020, year-to-date transactions and revenue on the MDTA's legacy toll facilities were approximately 3.6% below forecast and 3.1% below forecast, respectively. The COVID-19 pandemic was the primary cause for the decline in transactions and revenue.

It is anticipated that a quarterly update regarding traffic and toll revenue trends on the Intercounty Connector and I-95 Express Toll Lanes will be provided next month.

APPROVAL – CAPITAL BUDGET AMENDMENT

Mr. Will Pines requested a recommendation of approval from the Finance Committee to present the FY 2020 Amended Capital Budget to the full MDTA Board at its next scheduled meeting. The FY 2020 Amended Capital Budget totals \$450.4 million, an increase of \$21 million, or 4.9%, compared to the Final FY 2020-2025 Consolidated Transportation Program (CTP). Mr. Pines explained that five projects are currently ahead of schedule due to expedited construction. The overall budget over the six-year CTP period will remain unchanged as the budget amendment is only pulling funds forward.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. A motion was made to forward this item to the full MDTA Board for approval with the condition that the amendment is only moving funds forward and that there will be no overall increase to the FY 2020-2025 CTP budget because of off-setting reductions. Member Rosen made the motion, and Member Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – THIRD QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Ms. Chris Thompson briefed the Finance Committee on the status of year-to-date spending compared to the FY 2020 Operating Budget. As of March 31, 2020, approximately 63% of the FY 2020 budget was spent compared to the target of 70%. Fixed charges exceeded expected spending levels. Communications, travel, utilities, contractual services, supplies, and equipment were below targeted spending levels by more than 5%. The remaining object codes were within the targeted spending level.

UPDATE – THIRD QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

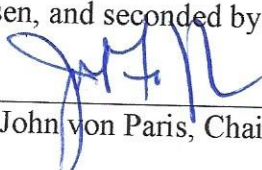
Ms. Jeanne Marriott updated the Finance Committee on actual year-to-date spending for the third quarter compared to projected spending as shown in the FY 2020-2025 Draft Consolidated Transportation Program. As of March 31, 2020, 68% of the FY 2020 budget was spent compared to the target of 75%.

UPDATE – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman and Clayton Viehweg provided an update on the activities of the Investment Committee for the quarter ended March 31, 2020. The update included a review of market conditions, portfolio strategies, total return performance, and dealer trade allocations. Mr. Garman and Mr. Viehweg also discussed certain market drivers that may influence portfolio performance in the coming months, including the economy, fiscal policy, and Federal Reserve monetary policy.

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There being no further business, the meeting of the Finance Committee adjourned at 10:37 a.m., following a motion by Member Rosen, and seconded by Member Carroll.



John von Paris, Chairman